



House of Representatives

General Assembly

File No. 385

February Session, 2004

Substitute House Bill No. 5642

House of Representatives, March 31, 2004

The Committee on Environment reported through REP. WIDLITZ of the 98th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE MILK REGULATION BOARD.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) The Commissioner of
2 Agriculture, in consultation with the Milk Regulation Board, shall, not
3 later than January 1, 2005, adopt regulations, in accordance with the
4 provisions of chapter 54 of the general statutes, regarding a system of
5 milk prices, premiums and fees. Such regulations may include (1) a
6 minimum price to be paid by milk dealers for Class I milk, Class II
7 milk and Class III milk, as defined by the United States Department of
8 Agriculture (7 CFR 1000), and (2) a premium to be paid by dealers or
9 retailers to producers for milk. Such regulations shall take into account
10 the price paid to milk dealers for the various classes or grades of milk
11 defined by the Federal Milk Order applicable to Connecticut, the cost
12 of producing milk in this state and the public interest.

This act shall take effect as follows:

Section 1	<i>from passage</i>
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ENV *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Department of Agriculture	GF/Fees - Cost	Significant	Significant

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires the Department of Agriculture (DOAG) to adopt regulations for a system of milk prices, premiums and fees. It is anticipated that a consultant will be needed to establish the procedure and program at a cost of \$50,000 to \$100,000. Information regarding the production costs, manufacturing costs, and retailing costs will need to be gathered to establish the program. An auditing system to verify compliance at the manufacturing and/or retail level will need to be put in place for retailers, manufacturers and distributors in and out of state, with sales in Connecticut. It is estimated that a Supervising Accounts Examiner (54,843 full-year) and four to eight Account Examiners (\$190,524-\$381,048 full year cost) would be needed for one-half year costs in FY 05, costing \$122,684 - \$217,946 for salaries and \$24,819 to \$44,090 for fringe benefit¹ costs; and \$245,367 - \$435,891 in FY 06 and \$112,427 - \$199,725 for fringe benefits. It is also anticipated that a part to full time staff attorney could be needed to supplement the staff. Full year costs are estimated at \$25,000 to \$55,000 plus potential additional costs for fringe benefits. FY 05 costs would be

¹ The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The total fringe benefit reimbursement rate as a percentage of payroll is 45.82%, effective July 1, 2003. However, first year fringe benefit costs for new positions do not include pension costs lowering the rate to 20.23% in FY 05. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System.

\$15,000 to \$30,000. Additional costs would be incurred for associated other expenses estimated at \$5,000 to \$10,000 in FY 05 and \$10,000 to \$15,000 in FY 06. Any fees adopted could potentially offset ongoing costs of the program. The exact impact cannot be determined at this time.

OLR Bill Analysis

sHB 5642

AN ACT CONCERNING THE MILK REGULATION BOARD**SUMMARY:**

This bill requires the agriculture commissioner, in consultation with the Milk Regulation Board, to adopt regulations by January 1, 2005 for a system of milk prices, premiums, and fees.

The regulations:

1. may include a minimum price milk dealers must pay for Class I, Class II, and Class III milk, as defined by the U.S. Department of Agriculture (USDA);
2. may include a premium dealers or retailers must pay producers for milk; and
3. must consider (a) the price paid to milk dealers for the various classes or grades of milk under the Federal Milk Order (as applicable to Connecticut), (b) the cost of producing milk in this state, and (c) the public interest.

EFFECTIVE DATE: Upon Passage

BACKGROUND***Federal Milk Order***

Federal law governs the price paid to dairy farmers for milk. Generally, USDA marketing orders set the price for milk and milk products by region; the order affecting Connecticut covers New England and the Mid-Atlantic states. The order is broken down into class 1 (fluid) milk and various other classes of milk products.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 27 Nay 0